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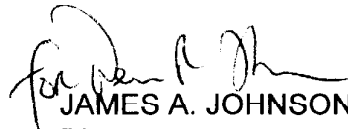
IN REPLY
REFER TO DLMSO

February 11, 1999

MEMORANDUM FOR: DISTRIBUTION

SUBJECT: Military Standard Billing System (MILSBILLS) Interim Change 99-1,
"Lateral Redistribution Procedures"

The enclosed change to DoD 4000.25-7-M, MILSBILLS, documents approved changes to MILSBILLS in support of lateral redistribution and total asset visibility (procurement offset). This change has been consolidated with changes previously published under Interim Change 94-1 to provide full context for the more recent changes to the lateral redistribution program. Material not previously published is indicated by bold italics. All changes will be incorporated in the MILSBILLS reissuance (currently under development). Addressees may direct any questions regarding this change to Mr. Dennis Thomas at 703-275-5225, DSN 235-5225, or e-mail, dennis_thomas@hq.dla.mil. Others should direct any questions to your Service or Agency MILSBILLS representative. Visit our web site: <http://www.dlmso.hq.dla.mil> to identify your representative.


JAMES A. JOHNSON
Director

Defense Logistics Management
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Encl

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Interim Change 99-1
"Reimbursements for Inter-Service Lateral Redistributions"¹

1. Definitions and Terms. Add the following:

Lateral Redistribution. The release and shipment of materiel from a post, camp, station, or base to another similar activity to satisfy a specific demand.

Procurement Offset. IMM requested lateral redistributions or returns which offset or preclude a procurement action.

2. Chapter 2. Add new paragraph 3 to Section B as follows:

"B. CRITERIA FOR BILLING

3. Inter-Service Lateral Redistributions. When an integrated material manager laterally redistributes material, reimbursement to the reporting activity and billing to the requisitioning activity will be effected upon notification of shipment by the reporting activity. ***When the material is returned to the IMM; e.g. procurement offset, reimbursement is based on receipt, inspection, and acceptance of material as evidenced by the IMM's generation of a creditable DI Code FTZ transaction.***"

3. Chapter 2. Revise paragraph 2, Section H, as follows:

"H. BILLING FOR ACCESSORIAL AND ADMINISTRATIVE COSTS

2. DoD Shipments. Chapter 26 of the DoD Accounting Manual, (reference i) provides the general DoD policy for billing accessorial and administrative costs. However, DoD 4140.1-R requires (Chapter 4) "Billing procedures associated with lateral redistributions by the IMM will insure an issuing activity is reimbursed for both the standard price of the materiel and a standard PCH&T costs associated with a redistribution". Reimbursements for packing, crating, and handling costs for IMM directed lateral redistributions and returns will generally be 3½% of the latest acquisition cost of the material redistributed. ***In the case of procurement offset (repairables) the rate will be 1% of the acquisition cost.*** Billing offices will use the DI code FN_ detail billing record format to provide billings and reimbursements for accessorial and administrative costs. Reimbursements for transportation costs for IMM directed lateral redistributions and materiel returns will be ***the amount equal to the IMM's cost recovery rate for second destination transportation included in the selling price of the materiel*** and will be provided on a DI code FQ_ detail billing record format."

¹***Consolidated with changes published under Interim Changes 94-1 to provide full context for changes related to the lateral redistribution. Material not published in IC 94-1 indicated by bold italics. All changes will be incorporated in the reissued version of MILSBILLS (currently under development).***

4. Chapter 4. Revise Section I to revise paragraph 2 and add paragraph 7 as follows:

2. Financial adjustments related to discrepancy reports will include amounts for PCH & T and will be processed ***in accordance with section H, chapter 2 of this manual***. In addition, adjustments for IMM directed returns resulting from discrepancy reports will include a reimbursement for packing, crating, and handling and well as transportation costs.

7. Credits for material returned or laterally redistributed and related accessorial credits may be fully or partially reversed by the IMM when a discrepancy report documents that the material was not shipped in a condition warranting full credit.

5. Chapter 4. Revise Section C paragraph 3 to read as indicated:

3. Offices designated to receive MRP or lateral redistribution credit will follow up on the credit when the credit has not been received and more than 60 calendar days have elapsed since the materiel receipt status (DI Code FTZ), citing a credit status, is received ***or submission of the AS6 to the IMM***. Followup (the initial request) will be in the DI Code FTP record format. A second DI Code FTP record will be submitted if a reply or credit is not received within 60 calendar days of the initial request. ***In the case of lateral redistributions (procurement offset) a Billing Adjustment Request (DI Code FAE) citing advice code 27 will be forwarded to the IMM.***

6. Chapter 4. Revise Section M to read as follows:

"M. CREDITS FOR CUSTOMER ASSET REPORTS (MATERIAL RETURNS PROGRAM)

1. Material returns program (MRP) procedures are prescribed by MILSTRIP (reference (s)).

2. Billing offices will process credits for excess reports during the first billing cycle after receiving notification that material, authorized for return under creditable procedures, has been received in a condition warranting credit. In the case of IMM directed lateral redistributions, credits to the reporting activity will be processed upon notification of shipment by the reporting activity. The material portion of credits for material laterally redistributed may be fully or partially reversed by the IMM when a discrepancy report documents that the material was not shipped in a condition warranting full credit.

3. MRP credits for other than lateral redistributions will be processed at the acquisition cost in effect at the time of receipt. MRP credits for material laterally redistributed will be processed at the selling price in effect at the time of shipment. Credits for material returned or laterally redistributed may be less than acquisition or standard price if, in the opinion of the IMM, the condition warrants such reduction.

7. Appendix A3, Billing Advice Code. Revise the appendix to add the new advice code 27 as indicated in attachment 1.

8. Appendix A5, Type of Bill Code. Revise appendix to read as indicated in attachment 2 to add codes AR, DR, and LR.

9. Appendix B4, Credit for Customer Assets Reports (Materiel Returns Program).

Revise appendix to read as indicated in attachment 3.

10. Appendix B10, Accessorial and other Miscellaneous Billings. Revise appendix to read as indicated in attachment 4.

11. Appendix B12, Billing for Transportation. Revise appendix to read as indicated in attachment 5.

12. Add new appendix C13.1, Request for Adjustment of Non-fuel Billing: Billing Advice Code "27" as shown in attachment 6.

6 Atts

APPENDIX A3

BILLING ADVICE CODES

NUMBER OF CHARACTERS: Three

TYPE OF CODE: Numeric

EXPLANATION: Billing advice codes are used in requests for billing adjustment to identify the nature of the request or problem. The first position entry, when present, is significant only to the activity submitting the adjustment request. The second and third position entries listed below convey significant information to the billing office. See chapter 4 for information on the use of the codes.

<u>CODE</u>	<u>DESCRIPTION</u>
11	Duplicate billing record received.
12	Wrong amount billed.
13	Wrong office billed.
14	Bill received for materiel requisitioned as nonreimbursable.
15	Bill received for unauthorized accessorial charge.
17	Bill received for confirmed canceled requisition.
18	Bill received for back ordered materiel.
19	Incomplete bill: Detail billing records do not support the amount billed.
20	Bill received following billing office reply that an adjustment billing could not be rendered.
21	TDR (SF 361) submitted over 60 days ago and adjustment bill not received.
23	Promised adjustment not received.
24	Reply to Product Quality Deficiency Report (SF 368) promised adjustment; however, adjustment billing not received.

<u>CODE</u>	<u>DESCRIPTION</u>
26	Reply to Report of Discrepancy (SF 364) indicated adjustment authorized; however, adjustment billing not received.
27	<i>Materiel laterally redistributed as directed and shipment status (AS6) provided; however, credit billing not received. Request credit status.</i>
34	Requisitioned materiel received. Request billing status.
35	Shipment status received for materiel requisitioned for FMS. Request billing status.
41	Request copy of billing.
42	Duplicate summary level billing (same bill number).
43	Duplicate summary level billing (different bill number).
44	Duplicate summary level billing within second billing.
51	Unable to process billing under interfund procedures.
52	Billed by interfund when requisition or other document specified noninterfund billing.
55	Refer to accompanying letter of explanation.
90-99	Reserved for internal use. May not be reflected on any document forwarded outside the office.

APPENDIX A5

TYPE OF BILL CODE

NUMBER OF CHARACTERS: Two

TYPE OF CODE: Alphabetic

EXPLANATION: Type of bill codes are provided, at the option of the billing office, on detail billing records to indicate the purpose of the credit or debit billing.

<u>Code</u>	<u>Description</u>
AA	Quantity billed equals quantity requisitioned
AB	Quantity billed is less than quantity requisitioned
AC	Quantity billed is greater or less than quantity requisitioned due to unit pack adjustment
AR	IMM authorized returns under the Materiel Returns Program
DR	<i>IMM directed returns under the Asset Visibility (Procurement Offset) Program</i>
HM	Hazardous Materials
HW	Hazardous Waste Disposal Services
LR	IMM directed Lateral Redistributions
TM	Creditable excess materiel returned, reduced credit allowed
TN	Creditable excess materiel returned, full credit allowed
WR	Warehouse refusal
WS	Billing error detected by billing office
WT	Billing error reported by billed office
WU	Validated discrepancy report
WV	Failure to return materiel as directed

APPENDIX B4

CREDIT FOR CUSTOMER ASSET REPORTS (MATERIEL RETURNS PROGRAM)

<u>Field Legend</u>	<u>Position(s)</u>	<u>Entry and Instructions</u>
DI Code	1-3	Enter FD1 or GD1 (credit reversal) and FD2 or GD2 (credit).
RI Code	4-6	For DoD shipments, enter RI code of the billing office. For GSA, enter the RI code of the GSA office which authorized the return.
Sales Price Condition	7	Enter applicable code or leave Code blank.
Stock Number	8-22	Enter the NSN or Part Number of the item returned.
U/I Code	23-24	Enter U/I.
Quantity	25-29	Perpetuate from DI Code FTZ or AS6.
Document Number	30-43	Perpetuate from DI Code FTZ or AS6.
Suffix	44	Perpetuate from DI Code FTZ or AS6.
Supplementary Address	45-50	Perpetuate from DI Code FTZ or AS6.
Signal Code	51	Perpetuate from DI Code FTZ or A6S.
Fund Code	52-53	Perpetuate from DI Code FTZ or AS6.

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<u>Field Legend</u>	<u>Position(s)</u>	<u>Entry and Instructions</u>
Bill Number	54-58	Enter bill number from SBR.
Mode/Method Code	59	Leave blank.
Type of Bill Code	60-61	<i>If related to reimbursement for lateral redistribution or procurement offset enter type bill code LR or DR respectively. Otherwise, may be left blank.</i>
Day of Year	62-64	Enter the day item returned to inventory.
Amount	65-73	Perpetuate the expected credit from DI Code FTZ.
Unit Price	74-80	Enter the credit unit price.

APPENDIX B10

ACCESSORIAL AND OTHER MISCELLANEOUS BILLINGS

<u>Field Legend</u>	<u>Position(s)</u>	<u>Entry and Instructions</u>
DI Code	1-3	Enter FN1 or GN1 (charge) and FN2 or GN2 (credit).
RI Code	4-6	Enter the RI code of the billing office.
Description	7-29	Enter descriptive phrase for the type of service, e.g., PCH, Level A Pack, etc.
Document Number	30-43	Enter the document number for which the charge or credit applies
Suffix	44	Enter the document number suffix, if any, for which the charge or credit applies
Supplementary	45-50	Enter supplementary address. Address
Signal Code	51	Enter signal code.
Fund Code	52-53	For GSA level A and B pack surcharges follow the guidance provided in chapter 2; otherwise perpetuate from the order or requisition.
Bill Number	54-58	Enter bill number from SBR.
Blank	59	Leave blank.

<u>Field Legend</u>	<u>Position(s)</u>	<u>Entry and Instructions</u>
Type Bill Code	60-61	<i>If related to reimbursement for lateral redistribution or procurement offset enter type bill code LR or DR respectively. Otherwise, may be left blank.</i>
Blank	62-64	Leave blank.
Amount	65-73	Enter the amount of the charge or credit. 65-71 Dollars 72-73 Cents
Blank	74-80	Leave blank.

APPENDIX B12

BILLING FOR TRANSPORTATION

<u>Field Legend</u>	<u>Position(s)</u>	<u>Entry and Instructions</u>
DI Code	1-3	Enter FQ1 or GQ1 (charge) and FQ2 or GQ2 (credit).
RI Code	4-6	Enter the RI code of the billing office.
Description	7-29	Enter descriptive phrase for the type of service, e.g., PREMIUM TRANSPORTATION.
Document Number	30-43	Enter the document number for which the charge or credit applies
Suffix	44	Enter the document number suffix, if any, for which the charge or credit applies
Supplementary	45-50	Enter the supplementary address. Address
Signal Code	51	Enter the signal code.
Fund Code	52-53	For GSA level A and B pack surcharges follow the guidance provided in chapter 2; other- wise perpetuate from the order or requisition.
Bill Number	54-58	Enter bill number from SBR.
Blank	59	Leave blank.

<u>Field Legend</u>	<u>Position(s)</u>	<u>Entry and Instructions</u>
Type Bill Code	60-61	<i>If related to reimbursement for lateral redistribution or procurement offset enter type bill code LR or DR respectively. Otherwise, may be left blank.</i>
Blank	62-64	Leave blank.
Amount	65-73	Enter the amount of the charge or credit. 65-71 Dollars 72-73 Cents
Blank	74-80	Leave blank.

APPENDIX C13.1 (New)

REQUEST FOR ADJUSTMENT OF NON-FUEL BILLING

Billing Advice Code "27"

Materiel laterally redistributed as directed and shipment status (AS6) provided; however, credit billing not received. Request credit status.

<u>Field Legend</u>	<u>Position(s)</u>	<u>Entry and Instructions</u>
DI Code	1-3	Enter FAE for initial requests. Enter FAF for followup requests. Enter FAC for cancel requests.
RI Code	4-6	Perpetuate from the shipment status (AS6)
Recipient of Billing	7	Enter the applicable code.
Stock Number	8-22	Perpetuate from the shipment status (AS6)
U/I Code	23-24	Perpetuate from the shipment status (AS6)
Quantity	25-29	Perpetuate from the shipment status (AS6)
Document Number	30-43	Perpetuate from the shipment status (AS6)
Suffix Code	44	Perpetuate from the shipment status (AS6)
Supplementary Address	45-50	Perpetuate from the shipment status (AS6)
Signal Code	51	Perpetuate from the shipment status (AS6)
Fund Code	52-53	Perpetuate from the shipment status (AS6)
Bill Number	54-58	Leave blank
Billing Advice Code	59-61	Enter as follows: 59 Blank or character significant to requestor. 60-61 Enter "27"

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<u>Field Legend</u>	<u>Position(s)</u>	<u>Entry and Instructions</u>
Day of Year	62-64	Enter day request submitted
Amount	65-73	Leave Blank
Unit Price	74-80	Leave Blank